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REVIEWS AND NEW BOOKS

General Works, Theory and Its History

Principles of Economics. Being a Revision of Introduction to Economics. By HENRY ROGERS SEAGER. (New York: Henry Holt and Company. 1913. Pp. xx, 650. \$2.25.)

Though a number of the chapters remain practically as they were in *Introduction to Economics*, first published in 1904, this is in many respects a new work. The portions which deal with practical economic problems like the tariff, trusts and monopolies, taxation, labor problems and legislation, social insurance, and socialism, have been amplified and brought down to date. There is discussion of not only the latest enactments but of the most important proposed legislative measures and reforms. Moreover, throughout the work, which was always rich in illustrative material, may be found the latest statistical information.

In the new chapters on Reform of the Tax System of the United States, Profit Sharing and Labor Copartnership, Social Insurance, and Socialism, as in descriptive chapters which have appeared in former editions, the author does not content himself with mere description and statement of fact. He not only puts the facts in their proper historical and theoretical setting, but he bases conclusions and judgments upon them. He has opinions, and does not hesitate to express them.

Quite as important are the changes which have been made in the theoretical portions. The first of these has to do with value. A chapter of 26 pages on Value and Price has become two chapters which cover 43 pages. Opinions will differ as to the merits of this revision and expansion. I myself note with approval the elimination of the greater part of the Robinson Crusoe illustration which I have always found confusing rather than helpful in presenting the subject to a class of students. I do not, however, regard the increased prominence given to the distinction between value in use and value in exchange as either desirable or necessary. The distinction between utility and value in use is so metaphysical in character as to confuse rather than to clarify the subject for the ordinary student. While it is evidently true that back of the process of social evaluation, which is the significant thing in economics and which is really value in exchange, there is a process of individual valuing or measuring of utilities, this process is too

obscure in its nature and too automatic or unconscious in its exercise to be of any practical advantage in explaining the social process. The natural man, unacquainted with economic literature, does not think in terms of marginal utility; he thinks in terms of total utility.

One other theoretical portion of the book shows a thorough-going revision. This is the subject of distribution. Chapter 9 in the original edition is hardly recognizable in chapter 11 of the latest revision, though the title, Production and Distribution, remains the same. The author has not modified his fundamental concepts, but has attempted to explain and illustrate them more fully by means of actual business operations. In so doing he avoids the artificial separation which many writers have made between production and distribution; but it is a question whether pedagogic purposes would not be quite as well served by such a separation of economic functions as they are by the equally artificial assumption of a "state of normal equilibrium" to which the author is obliged to resort in order to simplify his task. Whatever the advantages or disadvantages of the author's method of treatment may be, there is no doubt that he has made a very substantial improvement in the matter of exposition.

What has been said of distribution in general applies as well to the author's discussion of competitive profits, monopoly profits, rents, wages, and interest. He has made a number of changes in method or style of presentation, but holds to the same general thesis, namely, that each factor in production tends to secure a share corresponding to what it itself produces. Strictly speaking, of course, this applies to profits only in so far as they merely equal wages of management. Competitive profits in excess of this amount, due to changes of various sorts, and monopoly profits are not, in this sense, earned, and must therefore be regarded as an indication of the extent to which economic tendencies fall short of attaining their goal in the actual business world.

The new edition is distinctly superior to the earlier editions in completeness and in clearness of exposition. There has been a marked improvement in typography, and the changes and additions have been made without materially increasing the size of the volume.

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